



May 14, 2014

Item No. 1

AUTHORIZATION TO ENTER INTO A CONTRACT WITH CANNON COCHRAN MANAGEMENT SERVICES, INC. (CCMSI) FOR THIRD PARTY ADMINISTRATOR SERVICES

To the Honorable Board of Commissioners:

RECOMMENDATION

It is recommended that the Board of Commissioners ("Board") authorize the Chief Executive Officer ("CEO") or his designee to enter into a contract with Cannon Cochran Management Services, Inc. ("CCMSI") to provide third party administrator ("TPA") claim services for an amount not-to-exceed \$307,690 for the two-year base contract period of July 1, 2014 through June 30, 2016. It is further recommended that the Board authorize the CEO or his designee, at their discretion, subject to satisfactory contract performance and funding availability, to exercise Option Year 1 for an amount not-to-exceed \$158,845, option Year 2 for an amount not-to-exceed \$159,845 and option year 3 for an amount not-to-exceed \$161,345 for an aggregate amount 787,725.00.

The Chief Financial Officer, the Office of the General Counsel and the Department of Procurement and Contracts have completed all necessary due diligence to support the submission of this initiative and recommend the approval of this item accordingly.

CORPORATE MISSION

Ensure that CHA's housing portfolio is safe, decent and sustainable.

FUNDING

General Fund

CONTRACT SUMMARY

Vendor: Cannon Cochran Management Services, Inc. (CCMSI)

Address: 2 East Main Street

City: Danville, IL 61832

Contract Type: Firm Fixed Rate

Base Contract Term: 7/1/14 to 6/30/16

Option Period:

1st Option Term: 7/1/16 to 6/30/17

2nd Option Term: 7/1/17 to 6/30/18

3rd Option Term: 7/1/18 to 6/30/19

Total Aggregate Contract Amount:

Base Contract Period: 2 Years

Base Contract Amount: \$307,690 (NTE)

Three (3) one-year options

1st Option Period Amount: \$158,845 (NTE)

2nd Option Period Amount: \$159,845 (NTE)

3rd Option Period Amount: \$161,345.00 (NTE)

\$787,725.00 (NTE)

M/W/DBE & Section 3

Vendor	M/W/D/BE Participation %	Section 3 Hire	Vendor Function
CCMSI	-	1 intern, leading to full time	lead vendor
Paradigm Risk Management	7%	n/a	risk management consulting
Fact Finders Group	6%	n/a	field investigations & subpoena service
Trinidad Claims Service	7%	n/a	property damage appraisals

SOLICITATION SUMMARY

The Authority released Request for Proposals No. 13-01262 for Third Party Administrator for Property and Casualty Insurance on February 3rd, 2014. The solicitation was sent to 94 vendors; of those, 20 picked up the solicitation with 5 qualified as M/W/DBE vendors. The pre-proposal meeting was held on February 11th, where representatives from 6 firms were represented. Proposals were due on March 4th. However, only one (1) proposal was received for consideration.

Vendors who did not submit proposals were concerned that they could not meet the compliance requirements, did not have staff in the area, or were not considered a prime vendor and could not perform the prescribed functions.

GENERAL BACKGROUND/EXPLANATION

Since 1999, the Authority has contracted with a third party administrator to provide claim services for both the Authority and its Private Managers Insurance Program ("PMIP"). The TPA manages the Authority's Workers' Compensation, First Party Property, General, Auto, Employment Practices and Public Officials Liability claims along with General Liability claims and Workers' Compensation under the PMIP. The TPA has provided services such as a comprehensive claim and management reporting system, payment of all claim costs, investigation and determination of liability and coverage, thereby assisting the Authority in analyzing its risk and associated costs.

Costs associated with this contract are billed based on the type of claim submitted. The rate per claim will not change over the life of the contract. The TPA does charge an annual administration fee, which is \$22,500 for the first two years and escalates to \$30,000 for the final year. The estimated total cost for the life of the contract, based on the 5-year average claim volume for the Authority and PMIP, is \$787,725. If the claim volume increases, the expense will exceed the estimate.

The Board action recommended in this item complies in all material respects with all applicable Chicago Housing Authority board policies and all applicable federal (HUD) procurement laws.

The EVP of Finance concurs with the recommendation to enter into a contract with Cannon Cochran Management Services, Inc. (CCMSI) for third party administrator services.

The CEO/President recommends the approval to enter into a contract with Cannon Cochran Management Services, Inc. (CCMSI) to provide TPA claim services for an amount not-to-exceed \$307,690 for the two-year base contract period of July 1, 2014 through June 30, 2016. It is further recommended that the Board authorize the CEO or his designee, at their discretion, subject to satisfactory contract performance and funding availability, to exercise Option Year 1 for an amount not-to-exceed \$158,845.00, option Year 2 for an amount not-to-exceed \$159,845.00 and option year 3 for an amount not-to-exceed \$161,345.00 for an aggregate amount not-to-exceed \$787,725.00.

RESOLUTION NO. 2014-CHA-41

WHEREAS, the Board of Commissioners has reviewed the Board Letter dated May 14, 2014 entitled "AUTHORIZATION TO ENTER INTO A CONTRACT WITH CANNON COCHRAN MANAGEMENT SERVICES, INC. (CCMSI) FOR THIRD PARTY ADMINISTRATOR SERVICES";

THEREFORE, BE IT RESOLVED BY THE CHICAGO HOUSING AUTHORITY

THAT the Board of Commissioners authorizes the Chief Executive Officer or his designee to enter into a contract with Cannon Cochran Management Services, Inc. to provide third party administrator claim services for an amount not-to-exceed \$307,690.00 for the two-year base contract period of July 1, 2014 through June 30, 2016. It is further recommended that the Board authorize the CEO or his designee, at their discretion, subject to satisfactory contract performance and funding availability, to exercise Option Year 1 for an amount not-to-exceed \$158,845.00, option Year 2 for an amount not-to-exceed \$159,845.00 and option year 3 for an amount not-to-exceed \$161,345.00 for an aggregate amount not-to-exceed \$787,7250.00.

This award is subject to the Contractor's compliance with the CHA's MBE/WBE/DBE, Section 3, and insurance requirements



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